

**LAFON NURSING FACILITY OF
THE HOLY FAMILY
Financial Statements
and Additional Information for the
Year Ended December 31, 2010
(With Comparative Totals for December 31, 2009)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 14 2011

LAFON NURSING FACILITY OF THE HOLY FAMILY

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Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

To the Administrator and Governing Board
Lafon Nursing Facility of the Holy Family
New Orleans, Louisiana

We have audited the accompanying statements of financial position of **LAFON NURSING FACILITY OF THE HOLY FAMILY** (the Facility) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended and the 2010 functional expenses and changes in net assets for the year then ended. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year comparative statements of functional expenses and changes in net assets have been derived from the Facility's audited financial statements for the year ended December 31, 2009. In our report dated July 14, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of **LAFON NURSING FACILITY OF THE HOLY FAMILY** as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2011, on our consideration of **LAFON NURSING FACILITY OF THE HOLY FAMILY**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Silva Gurtner & Abney, LLC

June 14, 2011

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,247,784	\$ 4,095,321
Short-term investment	100,000	100,000
Accounts receivable	479,430	-
Total current assets	1,827,214	4,195,321
LONG - TERM INVESTMENT	114,610	111,714
FEMA RECEIVABLE	2,214,844	-
PROPERTY AND EQUIPMENT, NET		
Land	937,754	937,754
Building	5,494,649	5,494,649
Equipment	195,589	188,190
Furniture	1,056,326	835,926
Vehicles	21,075	21,075
Construction in progress	14,202,635	13,733,663
Less: FEMA reimbursement	(14,202,635)	(11,512,064)
Total property and equipment	7,705,393	9,699,193
Less: accumulated depreciation	(4,954,181)	(4,646,406)
Total property and equipment, net	2,751,212	5,052,787
TOTAL ASSETS	<u>\$ 6,907,880</u>	<u>\$ 9,359,822</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Due to related party	\$ 494,428	\$ 1,335,039
Accounts payable and accrued expenses	179,114	751,845
Total current liabilities	673,542	2,086,884
OTHER LIABILITIES	24,211	-
TOTAL LIABILITIES	697,753	2,086,884
NET ASSETS, UNRESTRICTED	6,210,127	7,272,938
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,907,880</u>	<u>\$ 9,359,822</u>

See accompanying independent auditors' report and notes to financial statements.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENTS OF ACTIVITIES
DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
UNRESTRICTED		
PUBLIC SUPPORT AND REVENUE		
Medicaid, medicare and residents	\$ 1,494,611	\$ -
Other revenues:		
Investment income	4,010	9,554
Public support received directly - contributions	183,092	-
Insurance income	-	94,472
Defalcation reimbursement	-	58,779
Miscellaneous revenue	<u>1,918</u>	<u>267</u>
Total other revenue	<u>189,020</u>	<u>163,072</u>
Total public support and revenue	<u>1,683,631</u>	<u>163,072</u>
EXPENSES		
General services	1,784,751	214,231
Administrative services	653,915	274,867
Depreciation	<u>307,776</u>	<u>227,674</u>
Total expenses	<u>2,746,442</u>	<u>716,772</u>
DECREASE IN NET ASSETS	(1,062,811)	(553,700)
FUNDS RECEIVED FROM THE SISTERS OF THE HOLY FAMILY	-	2,837,702
NET ASSETS, BEGINNING OF YEAR	<u>7,272,938</u>	<u>4,988,936</u>
NET ASSETS, END OF YEAR	<u>\$ 6,210,127</u>	<u>\$ 7,272,938</u>

See accompanying independent auditors' report and notes to financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)

	Program Service	Supporting Services and General and Administrative	2010 Total	2009 Total
Salaries and vacation benefits	\$ 1,050,217	\$ 150,097	\$ 1,200,314	\$ 198,076
Employee health and retirement benefits	14,420	32,850	47,270	2,752
Payroll taxes	73,643	21,144	94,787	3,731
Professional fees and contract services payments	369,332	144,643	513,975	90,008
Supplies	140,483	14,867	155,350	44,690
Telephone	10,243	7,299	17,542	11,910
Postage and shipping	220	829	1,049	233
Repairs and maintenance	(5,684)	567	(5,117)	6,480
Occupancy	232,395	9,944	242,339	79,159
Insurance	60,067	15,648	75,715	-
Local transportation	1,350	1,686	3,036	11,292
Taxes and license	41,600	105	41,705	5,074
Advertising	3,204	440	3,644	941
Miscellaneous	17,553	29,504	47,057	34,752
Depreciation	187,812	119,964	307,776	227,674
Total expenses	\$ 2,196,855	\$ 549,587	\$ 2,746,442	\$ 716,772

See accompanying independent auditors' report and notes to financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
Net assets, beginning of the year	\$ 7,272,938	\$ -	\$ 7,272,938	\$ 4,988,936
Increase (decrease) in net assets	<u>(1,062,811)</u>	<u>-</u>	<u>(1,062,811)</u>	<u>2,284,002</u>
Net assets, end of the year	<u>\$ 6,210,127</u>	<u>\$ -</u>	<u>\$ 6,210,127</u>	<u>\$ 7,272,938</u>

See accompanying independent auditors' report and notes to financial statements.

LAFON NURSING FACILITY OF THE HOLY FAMILY
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (1,062,811)	\$ (553,700)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation expense	307,776	227,674
Changes in operating assets and liabilities		
Accounts receivable	(479,430)	-
Due to related party	(840,611)	1,335,039
Accounts payable and accrued expenses	(572,731)	(372,479)
Other liabilities	<u>24,211</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	(2,623,596)	636,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(696,772)	(6,619,714)
Net change in investments	<u>(2,896)</u>	<u>864,109</u>
Net Cash Provided by (Used in) Investing Activities	(699,668)	(5,755,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
FEMA reimbursements for building renovation	475,727	5,345,170
Net funds received from the Sisters of the Holy Family	<u>-</u>	<u>2,837,702</u>
Net Cash Provided by Financing Activities	<u>475,727</u>	<u>8,182,872</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,847,537)	3,063,801
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>4,095,321</u>	<u>1,031,520</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,247,784</u>	<u>\$ 4,095,321</u>
CASH FLOWS SUPPLEMENTAL INFORMATION		
Anticipated FEMA reimbursements for building renovations	<u>\$ 2,214,844</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LAFON NURSING FACILITY OF THE HOLY FAMILY (the Facility) is a not-for-profit institutional adult care facility operated by the Sisters of the Holy Family, a religious order of women. The statements include only the accounts of **LAFON NURSING FACILITY OF THE HOLY FAMILY**; no other assets owned by or activities operated by the Sisters of the Holy Family have been included herein.

Resources are classified into three separate classes of net assets, as follows:

- **Unrestricted** - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Facility is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Facility pursuant to those stipulations.
- **Permanently Restricted** - Net assets whose use by the Facility is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Facility.

CASH EQUIVALENTS

All highly liquid cash investments with an original maturity of three months or less are considered to be cash equivalents.

The Facility maintains cash balances at several financial institutions in the New Orleans area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 and 2009, the Facility's uninsured cash balances totaled approximately \$1,199,674 and \$3,892,547, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost when purchased or at appraised values when donated, with subsequent additions at cost. It is the Facility's policy to capitalize expenditures for items in excess of \$5,000 with a life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The building is depreciated over a 40-year life, furniture and equipment are depreciated over 5 to 10 year lives and vehicles are depreciated over 3 or 4 year lives. Depreciation expense totaled \$307,776 and \$227,674 for the years ended December 31, 2010 and 2009, respectively.

INCOME TAXES

Income taxes have not been provided for in the financial statements as the Facility was organized as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code of 1954 as amended and is, therefore, of tax-exempt status. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS

Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met. There were no unconditional promises in 2010 or 2009.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHARITY CARE

The Facility provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Facility does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

NOTE B

INVESTMENTS

Investments of the Facility at December 31, 2010 and 2009 consisted of investments in certificates of deposit and are carried at cost, which approximates market value.

NOTE C

FEMA RECEIVABLE

During 2010 the Facility resumed operations, the plant and equipment were placed in operation, and residents were admitted beginning January 4, 2010. Management anticipates that the Facility will be reimbursed for the remaining \$2,214,844 and has recognized this as a receivable.

NOTE D

DUE TO RELATED PARTY

The Facility received funds from the Sisters of the Holy Family to pay expenses not covered by FEMA. The loan has no repayment terms and a 0% interest rate.

NOTE E

CONTRIBUTIONS

The Facility is an income beneficiary of the Estate of Thomy Lafon (Estate). The Estate is managed by a Board of Trustees, which makes a distribution to the Facility annually when the income of the Estate has been determined. The Facility received \$173,092 and \$200,121 from the Estate as of December 31, 2010 and 2009. These contributions were included on the statement of activities under funds received from the Sisters of the Holy Family.

**LAFON NURSING FACILITY OF THE HOLY FAMILY
NOTES TO FINANCIAL STATEMENTS**

NOTE F

COMMITMENTS AND CONTINGENCIES

The Facility receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Facility's programs and activities.

The Facility is required to submit cost reports to federal and state government agencies that substantiate the support received. These reports are subject to audit and adjustment by the respective government agencies.

On August 29, 2005, Hurricane Katrina devastated southeast Louisiana. While the Facility evacuated all of its residents, the facilities sustained significant damage. The renovations of the facility were completed as of January 4, 2010 and residents began to return to the facility. Return to profitable operations and the Facility's ability to operate as a going concern, is contingent on successfully attaining appropriate occupancy levels.

Due to the effects of Hurricane Katrina and the death of several residents of the facility, various legal claims have been made against the Facility. The outcome of the litigation can not reasonably be estimated at this time and no adjustments have been made to the financial statements as a result of this uncertainty.

NOTE G

PENSION PLAN

Substantially all of the employees are covered by a defined contribution retirement plan established in 1999. The Facility matches employee contributions up to 3% of the employee's salary. No contributions were made to the plan on behalf of employees for the years ended December 31, 2010 and 2009, respectively.

NOTE H

SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 14, 2011, and determined that no events occurred that require disclosure. Subsequent events occurring after that date have been evaluated for inclusion of these financial statements.

SUPPLEMENTAL INFORMATION

**LAFON NURSING FACILITY OF THE HOLY FAMILY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)			
Pass-through programs from:			
State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness,			
Disaster Grants - Public Assistance	97.036	071-UAGGU-00	\$ 696,772
Total expenditures of federal awards			<u>\$ 696,772</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

a. Basis of Presentation

This schedule includes the federal grant activity of Lafon Nursing Facility of the Holy Family and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

b. Accrued Reimbursement

Various reimbursement procedures are used for federal awards received by the Facility. Consequently, timing differences between expenditures and program reimbursements exist at the end of the year.

See independent auditors' report

OTHER INDEPENDENT AUDITORS' REPORTS



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Administrator and Governing Board
Lafon Nursing Facility of the Holy Family
New Orleans, Louisiana

We have audited the financial statements of **LAFON NURSING FACILITY OF THE HOLY FAMILY** (the Facility) (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **LAFON NURSING FACILITY OF THE HOLY FAMILY**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **LAFON NURSING FACILITY OF THE HOLY FAMILY**'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether **LAFON NURSING FACILITY OF THE HOLY FAMILY's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Administrator and Governing Board and Federal Emergency Management Agency (FEMA), federal awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Silva Gurtner & Abney, LLC

June 14, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133**

To the Administrator and Governing Board
Lafon Nursing Facility of the Holy Family
New Orleans, Louisiana

Compliance

We have audited **LAFON NURSING FACILITY OF THE HOLY FAMILY's** (the Facility) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Facility's major federal programs for the year ended December 31, 2010. The Facility's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Facility's management. Our responsibility is to express an opinion on the Facility's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Facility's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Facility's compliance with those requirements.

In our opinion, **LAFON NURSING FACILITY OF THE HOLY FAMILY** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

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Internal Control Over Compliance

Management of **LAFON NURSING FACILITY OF THE HOLY FAMILY** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Facility's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Facility's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Facility's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information of the Administrator and Governing Board and Federal Emergency Management Agency (FEMA), federal awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Silva Gurtner & Abney, LLC

June 14, 2011

**LAFON NURSING FACILITY OF THE HOLY FAMILY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ X	No
Significant deficiencies identified			None
not considered to be material weaknesses?	_____ Yes	_____ X	reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ X	No
Significant deficiencies identified			None
not considered to be material weaknesses?	_____ Yes	_____ X	reported

Type of auditors' report issued on compliance for major program:	Unqualified		
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	_____ Yes	_____ X	No
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Identification of major program:

CFDA Numbers

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	_____ \$300,000
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Auditee qualified as low-risk audit?	_____ X	Yes	_____ No
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Section II - Findings related to the financial statements that are required to be reported in accordance with Governmental Auditing Standards

No findings and questioned costs for the year ended December 31, 2010.

Section III - Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)

No findings and questioned costs for the year ended December 31, 2010.